

State of the State Address



***2004
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Address***

**Presented by Governor Kathleen Sebelius
Monday, January 12, 2004**

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Mr. Speaker, Mr. President, Madam Chief Justice, members of the Legislature, members of the Court, Cabinet officers, elected officials, leaders of the Kansas tribes, honored guests, and fellow Kansans.

I am profoundly grateful to the people of Kansas for providing me with an opportunity to serve the state I love. I am proud to work each and every day on your behalf, and I am dedicated, in the time that is given to me, to do all within my power to make Kansas an even better place to live, work, and raise a family.

To begin tonight, I ask that we all pause for a moment to reflect on the sacrifices that the men and women of our armed forces and reserves have made on our behalf. Four-hundred-and-ninety-seven brave soldiers, including 24 Kansans, died defending our freedom in Iraq. We owe them a debt that can never be paid. And we owe our continued prayers to those still in harm's way.

The men and women who serve this great nation, whether they are stationed in Iraq, Fort Riley, or the Korean Peninsula, or they serve us at home as our community first responders, serve because they believe in America. They believe in what she stands for – freedom of opportunity, freedom of thought, and freedom of worship; and they trust that as elected officials, we will steadfastly guard those freedoms at home.

In a very real sense, we have an opportunity to honor those men and women during our service here. We can honor them by working faithfully to once again set aside our political differences and make decisions that serve not our personal ambitions, but the needs of the people.

As I did last year from this podium, I call on each and every one of us to leave this chamber resolved to work together to confront the challenges that we face. It will not be easy. We must keep faith with those who sacrificed to create this progressive state out of the prairie wilderness, as well as those who labored to sustain it through Civil War, economic hardships, and most recently, anxious times borne of terrorism and recession.

Since that dreadful day in September of 2001 when terrorists struck, our nation and state have been in the grips of an historic financial downturn. In the aftershocks of those attacks, our revenues dropped more steeply than at any time since the Great Depression.

A year ago, the situation was bleak, but responding to my call, you rolled up your sleeves and went to work with me to solve the unprecedented financial problems that we faced. No one thought we could do it. But by trusting one another and working together, we crafted a balanced budget that protected schools and restored vital safety net programs that sustain elderly and disabled Kansans. Working together, we also provided millions of dollars in additional benefits to unemployed Kansans, and we did it all without raising taxes.

In the roughest financial seas since the Great Depression, we steadied the ship of state. We should all be proud of that accomplishment.

The essence of good government is trust. The people grant us the power to govern trusting we will act in their interest. For most of our history, Kansans have been blessed with honest, dedicated, and progressive public servants. Men and women who reverently accepted their positions of public trust and governed with steady hands, and who rarely failed to rise to the occasion when crises demanded that they lead us through difficult times.

We must honor that tradition by demonstrating that, even in an election year, we can come together to solve problems that cannot wait until tomorrow and by honoring the promises we make. A year ago, I pledged that I would balance my first budget without cutting education or vital safety net services.

With your help, I kept that promise.

I also pledged that I would fundamentally change the way business was done in Topeka – that I would give you a leaner, smarter government that did more with less.

With your help, I kept that promise and will continue to honor it.

Finally, I pledged that I would dedicate my administration to revitalizing our economy and elevating our schools to their rightful place among the nation's best.

And with your help, I intend to keep those promises as well.

One of the most important accomplishments of my first year in office is that we have changed the way government does business, changed the way we deliver state services, and demanded the state workforce to do more with less.

As you might expect, we encountered resistance. Some people insist on clinging to the old ways of doing business, but we are breaking through that resistance with the power of good ideas. The Budget Efficiency Savings Teams I formed have achieved results that I believe are nothing short of extraordinary. In just one year, the teams, working under the leadership of loaned executives from the private sector and former business executives in my Cabinet, have implemented \$85 million in savings and efficiencies.

Some of those savings and efficiencies were achieved quickly by doing simple things: reducing the size of the State Board of Tax Appeals, paying vendors electronically rather than by check, and installing systems that automatically turn out the lights in state offices at night.

Other changes weren't as simple. Some, like reducing the number of state-owned vehicles, required some detective work. Because we didn't even know how many cars we owned, I ordered a thorough inventory. When the results came in, I imposed a two-year moratorium on purchases, eliminated the State Motor Pool, and ordered the sale of hundreds of underutilized vehicles, saving the taxpayers almost \$9 million.

The FAIR SHARE program we initiated last year also has paid big dividends. Too many Kansans owed back taxes and hadn't paid them for years. Offering those citizens a one-time chance to pay what they owed without penalty generated almost \$54 million in back taxes. That's money we never would have seen if we had simply continued our "business-as-usual" approach to tax collections.

Last year, as a part of my efforts to change government, I said I would find better, more efficient ways of delivering services to the more than 450,000 Kansans who rely on the state for health care. To help accomplish that goal, I created the Governor's Office of Health Planning and Finance. Its small but talented staff is already hard at work on plans to obtain better prices for prescription drugs and other health care services by leveraging our buying power in the marketplace.

The people of this state want to know that their hard-earned tax dollars are being spent wisely. As your Governor, I'll continue to demand changes to ensure that's done every day in every agency of state government.

In recent years, we have reduced the size of the state's workforce by more than 10 percent. In the budget that I'm submitting to you, I propose additional cuts in spending to provide state workers with a cost of living raise.

The men and women who serve this state in our leaner workforce are being asked to do more than ever with smaller budgets. I believe the state has a responsibility to be a good employer, and that means rewarding loyalty and hard work.

Working together last session, we pulled the state back from financial disaster. Without a tax increase, we crafted a budget that protected education and restored dollars to essential programs that serve those in need.

Because of our work, and the hard work of the people of Kansas, I can report to you tonight that this state is strong and getting stronger. For the first time in years, the revenues flowing into the state treasury are matching our projections. More of our friends and neighbors have jobs than a year ago, and laws that we put on the books last session to encourage community development projects and protect jobs in the aircraft industry have created a new sense of optimism across the state.

Things are better because we worked together to make them better. Starting tonight, we have another opportunity to improve the lives of Kansans by committing ourselves to look beyond our current problems to the untapped potential of this great state – a potential that is as vast as the prairie sky. We must envision a future of revitalized rural communities, world-class schools, cutting-edge universities, and thriving small businesses, and then we need to turn that vision into reality with the decisions we make – starting here, starting now.

We have weathered the storm. Now, as our state motto compels us to do, we must look to the stars.

State government can't create jobs, but it must create a climate in which businesses can flourish. My administration is committed to improving the business climate so that Kansas can match any state and any country in the competition for new jobs and businesses. And we're focused on creating an environment that encourages existing businesses to stay and grow.

Over the last year, the Department of Commerce, working with employers and local chambers, has more than held its own in head-to-head competition with other states. The Department has created or saved more than 4,600 jobs and generated new investment of more than \$300 million in Kansas.

That's a good start, but we must do more. Today's world is competitive. If we don't continue to move forward, we will surely fall behind.

That is why over the course of the summer and fall, led by Lieutenant Governor John Moore, we convened prosperity summits across the state. Nearly 2,000 business professionals, community leaders, and educators shared their ideas for building and sustaining a 21st Century economy in Kansas.

Those ideas became the framework of a regional economic strategy that you will have an opportunity to endorse this session. Our Economic Revitalization Plan focuses new resources on six goals: creating and retaining jobs, expanding the biosciences industry, providing start-up capital for new businesses, encouraging entrepreneurship in rural areas, linking our workforce development programs to the needs of business and industry, and enhancing the state's image.

Our plan includes a proposal to modernize our tax incentive programs to make them work better for the businesses they are designed to serve. With these changes, Kansas will compete more effectively for jobs and attract companies that offer the best-paying jobs. Under our plan, high potential start-up companies can sell their tax credits to already established businesses. It's a classic win-win situation: start-up businesses receive needed infusions of cash and already profitable Kansas companies save money.

Our plan pays special attention to rural Kansas. It creates a Rural Business Development Tax Credit that will ensure that investments are made in viable job-producing businesses, many of which will be tied to agriculture.

Our Revitalization Program also extends funding for the Enterprise Facilitation program now nurturing businesses in 24 Kansas counties. So far, this program, which helps communities help themselves, has sparked the creation or expansion of nearly 70 businesses in rural areas.

Quality highways have long been essential to economic development, but in recent years the state's revenue problems have jeopardized the ambitious highway-building program passed by this Legislature in 1999. My plan restores funding for the remainder of the program so that the Kansas Department of Transportation can keep its promises to communities and complete every announced project.

The Kansas Technology Enterprise Corporation, key legislators, and the Department of Commerce are working on an aggressive initiative to make Kansas a world leader in biosciences. We must build on the unique assets in the Kansas City metropolitan area and work already underway at our research universities. For the sake of both our economy and the people whose lives will be saved by the research, we must seize this opportunity.

Though often overlooked as an economic development strategy, helping employers provide health coverage to their workers may be one of the most important things we can do to keep Kansas businesses competitive. My Office of Health Planning and Finance will soon announce a set of health care initiatives that will provide that assistance to small businesses.

Our military installations contribute more than \$2 billion a year to the Kansas economy and generate tens of thousands of jobs in Kansas. They are integral to our economy and our heritage. That's why I am convening the Governor's Strategic Military Planning Commission. It will include members of the Kansas congressional delegation, leaders from our military base communities, military experts, and key legislators. They will work together to protect our vital military assets.

The plan that I have outlined so far stretches the state's limited resources as far as they will go. It is a prudent plan.

I pledged to continue vital state services within existing resources, and this budget does that.

I pledged to look for every alternative for savings and efficiencies, and this budget does that.

I pledged to do more with less, and this budget does that.

Without raising taxes, this budget also invests in a 21st Century plan to generate jobs and business opportunities, extends services to disabled Kansans on waiting lists, keeps promises made by the previous Governor and Legislature by completing the highway plan, and provides a cost of living increase for dedicated state employees.

Within the limits of existing state resources, it's a sound budget. It demonstrates that we can continue to keep government functioning without a tax increase. Frankly, it would be safer for me to propose status quo budgets for the remainder of my term—budgets that don't require sacrifices or hard decisions, but fail to address the make-or-break issues that will determine our future, and our children's future.

Doing that would be following the path of least resistance and least reward. A politician's path: one that leads only to the horizon, not beyond it where the true promise of this state and its people lie.

As leaders, we must ask ourselves whether that's good enough. If we follow that path, are we setting a course that creates new opportunities for our state? Are we fulfilling our responsibility to provide the best for our children and grandchildren?

I can tell you, it is not good enough for the thousands of Kansans who participated in meetings of my Education Task Force. They told me that maintaining and improving the quality of Kansas schools is the most important thing that we can do for this state and its future. Business leaders told me that good schools are the key to maintaining the quality of life, essential to attracting jobs, and new business opportunities to the state.

Kansans have always valued education. The visionary men and women who settled this state often built schools before they established towns. From the beginning, Kansans have been dedicated to the proposition that a quality education should not be an accident of geography, but a right of birth in this great state.

Mr. President, Mr. Speaker, members of the Legislature, and fellow Kansans, we must rededicate ourselves to that proposition. We must honor the legacy that has been left to us by generations of Kansans who sacrificed so that we might prosper. The responsibility of sustaining that legacy and passing it on to future generations now falls to us. We must summon the courage and the will to meet it.

Everyone in this chamber knows that we are not adequately funding our schools. It has been years since we provided districts with an adequate increase in base funding, and the cost of our neglect is beginning to show. It can be measured in the scores of underpaid teachers who have fled our classrooms, and it can be measured in the growing performance gap that threatens to doom thousands of poor and minority students to failure.

We cannot pay teachers substandard wages and continue to have a world-class education system. Over the past 10 years, real salaries for Kansas teachers have declined by 8 percent and rank a dismal 41st in the nation. On average, Kansas teachers make nearly \$8,000 less per year than their counterparts in other states.

At the same time that their salaries have been declining, Kansas teachers, like the rest of us, have been hit with dramatic increases in health care costs. Some teachers are paying up to \$17,000 a year out of pocket for health insurance for themselves and their families.

It is no wonder that more than 30 percent of Kansas teachers leave the classroom within three years. We must reverse this trend that threatens to undermine the quality of Kansas schools for generations to come.

A growing student achievement gap also is threatening the overall quality of our education system. For instance, while most Kansas students score well on national assessment tests, 45 percent of Kansas fourth graders who qualify for free or reduced lunches can't read at their grade level.

It is my responsibility as Governor to provide leadership, so tonight I am giving you a choice. You can either take the easy road by adopting the basic budget that I have proposed, or you can join me on a more difficult road – one that demands vision and leadership to navigate, one that leads to rich rewards – schools that are second to none and a prosperous Kansas economy.

My Education First plan will provide an additional \$300 million to Kansas schools over the next three years. It's a responsible plan that targets additional resources to where they are most needed: teachers; early-education programs, including all-day kindergarten; and at-risk students who need our help to succeed.

Early learning programs are among the best investments we can make in the future. Decades of research prove that children engaged in early learning do better in school and enjoy more successful careers. Yet, we know that one-in-three children doesn't have the skills they need to succeed when they enter kindergarten.

We can't afford to continue this pattern of neglect. Therefore, my Education First plan invests \$10 million in Smart Start programs across the state. This will save the state from having to spend millions of additional dollars down the road on remedial education, juvenile justice – and other social programs that attempt – but often fail to put troubled lives back on track.

It's also critical that we do more to sustain our institutions of higher learning. Because of our difficult financial times, we have failed to keep a promise made to the state's colleges and universities to provide funding to retain key faculty and minimize the need for tuition increases. My proposal fulfills that promise.

But my plan does more than provide schools with the additional resources they need. It forges a new partnership between the state and local school districts that will bring new accountability to the system.

For far too long, local school boards have understood the value of all-day kindergarten, but because the state has failed to help pay for it, many districts can't afford to offer it. Under my Education First plan, the state will meet this responsibility to local districts.

Kansans have always believed that local boards, not the state, should guide the day-to-day operations of their schools. Throughout our history, countless men and women have selflessly volunteered their time and talents to serve on local school boards, and I applaud their service.

But just as Kansas taxpayers need to be assured that the state government is spending their dollars wisely, they must also be given confidence that school districts are using best business practices to manage their budgets.

Therefore, as part of my Education First plan, I propose we create a school audit team in the Division of the Budget to review district finances and help schools become more efficient.

I expect these reviews, which have been successfully launched in Texas, Virginia, and a handful of other states, will provide that confidence to taxpayers and parents. I believe they'll help Kansas school districts streamline their management and business practices so that more dollars reach the classroom and fewer are spent on unnecessary layers of bureaucracy.

In exchange for additional resources, we must also demand that school districts be good employers. We must demand that they adequately pay teachers and provide them with the health coverage that other public employees enjoy. We know that health insurance is a powerful recruitment and retention tool. Providing it to teachers will keep talent in Kansas classrooms.

For too long, we have treated education and the economy as separate issues. We have acted as if strengthening schools and creating jobs were somehow unrelated. But the world economy and the Kansas economy have changed. What natural resources, railroads, and fertile land were to previous generations, education must be to ours and our children's. For our economy to grow, every worker in this state, from the scientist to the schoolteacher to the worker on the assembly line, must have 21st Century skills.

Let me be clear: no plan to revitalize our economy and create jobs can be complete unless it strengthens our schools.

Therefore, we must act before what are now just cracks in its foundation bring the quality of our educational system down around us.

We must act, not because a judge says that we must, but because we love our children and our state, and we want what is best for both.

We must act, not because a study says that we must, but because we know in our hearts that each year we allow the inequities in the system to stand, we are dooming more Kansas children to failure.

And we must act, not because education groups say we must, but because of the charge that we inherited from previous generations to provide all Kansas children – not some, or most, or almost all – but all Kansas children with a quality education. One that allows them to make the most of their God-given potential.

I call on you tonight to join me in pursuing a new goal for our state: that a decade from now our schools are the best in the nation. The plan I have outlined tonight is but a first step toward that goal. But let us take that first step, together, this year. If we do anything less, we will fail the generations of Kansas leaders who came before us, and we will fail those who will inherit the responsibilities of leadership from us.

It is a question of responsibility, and it is a question of how we want our children and grandchildren, years from now, to remember this time when we were supposed to work together for them. Do we want them to say that we took the easy way out, that we did what was comfortable rather than what was courageous? Or do we want them to say that we took the hard but righteous path, that we did what was best for them rather than what was easy for us?

In the end, the choice will be ours. May God grant us the wisdom to make the right choice. And may He continue to richly bless this state that we love and honor by our service.

God bless the great state of Kansas and the United States of America. Thank you and good night.

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